

**CONSENT CALENDAR****Agenda Item # X****AGENDA REPORT SUMMARY****Meeting Date:** April 28, 2020**Subject:** Quarterly Investment Portfolio Report – Quarter Ended December 31, 2019**Prepared by:** Thuyet Dang, Financial Services Manager**Reviewed by:** Sharif Etman, Administrative Services Director**Approved by:** Chris Jordan, City Manager**Attachment(s):**

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review Quarter Ended December 31, 2019

Initiated by:

Staff

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

- This report presents the status of the City's investment portfolio through December 31, 2019. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City's investment portfolio managers.

Staff Recommendation:

Receive the Investment Portfolio Report through December 31, 2019.

Reviewed By:

City Manager

CJ

City Attorney

JH

Finance Director

SE



Subject: Quarterly Investment Portfolio Report – Quarter Ended December 31, 2019

Purpose

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City's investment holding and demonstrate compliance with the City's Investment Policy.

Background

A review of the Investment Portfolio Report Quarter Ended December 31, 2019 was presented and discussed by the Financial Commission on April 20, 2020. The Financial Commission reviewed the Quarterly Investment Portfolio Report ending December 31, 2019 and had a brief discussion on the LAIF yield, which is currently at 1.8% (for the month of March 2020).

Discussion/Analysis

The summary provided below presents the sum of all City investment holdings. The City's portfolio book value, excluding operating cash, as of December 31, 2019, was \$73,320,876.

As of December 31, 2019, 5.5% of the City's portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), 11.7% in Asset-Backed Securities, 2.7% in Supra-National Agency Bond, 34.7% in US Treasuries, and 15.8% in medium-term Corporate Notes and Commercial Paper, 7.2% in Certificate of Deposits, with the balance of 22.1% in LAIF. This portfolio mix is illustrated as part of Attachment 1.

Full compliance with the City's Investment Policy is monitored closely and on a per trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

As part of these quarterly updates, a status report is prepared by PFM which is included as Attachment 3: Investment Performance Review for the Quarter Ended December 31, 2019. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City's independently managed investments. The total return of the portfolio since inception is 1.20%, which is highlighted on page 18 of the PFM Investment Performance Review Report (Attachment 3).



Subject: Quarterly Investment Portfolio Report – Quarter Ended December 31, 2019

Options

1. Receive the Investment Portfolio Report Quarter Ended December 31, 2019

Advantages: None

Disadvantages: None

2. Do not receive the Investment Portfolio Report Quarter Ended December 31, 2019

Advantages: None

Disadvantages: None

Recommendation

The staff recommends Option 1.